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### DOCUMENT HISTORY LOG

STATUS <sup>1</sup>	DOCUMENT REVISION <sup>2</sup>	EFFECTIVE DATE	DESCRIPTION <sup>3</sup>
Baseline	2.0	October 1, 2016	<p>Initial version Uniform Managed Care Manual Chapter 5.3.1.70, "CHIP Financial Statistical Report (FSR) Instructions."</p> <p>This chapter applies to contracts issued as a result of HHSC RFP numbers 529-08-0001 and 529-12-0002 and replaces Chapter 5.3.1.52 for reporting transactions occurring on or after September 1, 2016.</p>
<sup>1</sup> Status should be represented as "Baseline" for initial issuances, "Revision" for changes to the Baseline version, and "Cancellation" for withdrawn versions. <sup>2</sup> Revisions should be numbered according to the version of the issuance and sequential numbering of the revision—e.g., "1.2" refers to the first version of the document and the second revision. <sup>3</sup> Brief description of the changes to the document made in the revision.			



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### CHIP Financial Statistical Report (FSR) Instructions

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#### Objective

All MCOs contracting with the State of Texas to arrange for or to provide healthcare to enrollees in the CHIP Program must submit CHIP MCO FSRs for each Service Area (SA) in accordance with the Contract between HHSC and MCO and in accordance with the instructions below.

#### General

MCOs must complete all CHIP MCO FSRs using the locked Microsoft Excel template provided by HHSC. Data integrity is critical to the automated compilation of the data. Do not alter the file name, sheet names, existing cell locations, or formatting of the data in the file and sheets. Do not add or delete any columns or rows. **Any deviations from the locked template will render the FSR unreadable by the software application and therefore unacceptable to HHSC.**

All shaded data fields in the FSR represent fields where data input is required. In order to maintain consistency, please ensure that the data input is in black. All data fields not shaded represent referenced data or calculations. All line numbers in these instructions refer to the line numbers in column A on each worksheet.

**Cells can be linked within the template, but there can be no outside links to the MCO Accounting Systems or other sources.**

The following note is included on all FSR pages **“Note: Except where stated otherwise, reporting is on an incurred basis (that is, reported in the period corresponding to dates of service, rather than to date paid). All prior quarters’ data must be updated to reflect the most recent revised IBNR estimates.”** The MCO must update member months’ data in accordance with information provided by the enrollment broker.

**Before completing the CHIP FSR, complete the Admin FSR.**

#### FSR Page Headers

FSR Page  
Headers  
modified by  
Version 2.1

Header information entered on Part 1 populates header data for all the other sheets; please make sure Part 1 is entered correctly. Enter the following on Part 1:

**MCO Name:** Select the MCO’s name from the drop-down menu.

**State Fiscal Year:** Select the State Fiscal Year (SFY) from the drop-down menu.

**Submission Date:** Enter the month, day, and year, e.g., 6/30/2016.



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**Submission Type:** Select the type of FSR, e.g., Quarterly; Year End + 90 Days; Year End + 334 Days from the drop-down menu.

**Service Area:** Select the Service Area from the drop-down menu.

**Rptg Period End Date:** Enter the month, day, and year, e.g., 5/31/2016.

### Part 1: Summary Income Statement

Line 1: Member Months: Referenced from Part 3, Line 24, "Total Member Months."

Line 2: Average Monthly Member Months: Calculated as Line 1, "Member Months" divided by the number of months of membership data.

#### Revenues:

Line 3: Medical Premiums: Referenced from Part 3, Line 8, "Total Medical Premiums."

Line 4: Delivery Supplemental Payments: Referenced from Part 7, Line 4, "Total DSPs (\$)" aggregate."

Line 5: Pharmacy Premiums: Referenced from Part 3, Line 32, "Total Pharmacy Premiums."

Line 6: Investment Income: Enter all interest and dividend income resulting from investment of funds received from the state and federal governments under the Contract.

Line 7: Health Insurance Providers Fee Reimbursement: Enter the amount of the Health Insurance Providers Fee, which was reimbursed by HHSC as required under the Affordable Care Act (ACA), including any gross up for corporate federal income tax and state premium taxes as applicable to the FSR for each Program/Service Area.

Line 8: Other Revenue: Enter all income generated from the CHIP Program for the Contract Service Area other than premiums (HHSC Capitation), Delivery Supplemental Payments (DSPs), the Health Insurance Providers Fee Reimbursement, and Investment Income.

Line 9: Total Gross Revenues: Calculated sum of Lines 3 through 8.

Line 10: Health Insurance Providers Fee & Related Costs: Enter the sum of:

- the amount paid to the IRS specifically and solely for the ACA Health Insurance Providers Fee, as required under the Affordable Care Act (ACA)



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and as attributable to the FSR (exclude any amounts accrued for ACA Health Insurance Providers Fee which were not paid during the FSR period);

- b) the increase in the amount incurred for corporate federal income taxes resulting from the Health Insurance Providers Fee Reimbursement which is attributable to the FSR.

Do not include any increase to Premium Taxes resulting from the Health Insurance Providers Fee Reimbursement in Line 10. All Premium Taxes incurred should be included in Line 11.

Maintain for FSR audit purposes the derivations supporting items a) and b) above.

Line 11: Premium Taxes: Enter the premium taxes incurred for premiums applicable to the reporting period including any additional taxes incurred as a result of the Health Insurance Providers Fee Reimbursement from HHSC.

Line 12: Maintenance Taxes: Enter the maintenance taxes incurred for premiums applicable to the reporting period.

Line 13: Net Revenues: Calculated as Line 9, "Total Gross Revenues," less the sum of Line 10, "Health Insurance Providers Fee & Related Costs", Line 11, "Premium Taxes," and Line 12, "Maintenance Taxes."

Medical Expenses:

Line 14: Fee-For-Service: Calculated as Line 19, "Total Medical Expenses," minus the sum of Line 15, "Capitated Services, Line 16, "Patient Centered Medical Home Services," Line 17, "Net Reinsurance Cost," and Line 18, "IBNR Accrual-Medical."

Line 15: Capitated Services: Calculated as sum of Part 5, Line 20, "Capitated Services: PCPs & hospitals," and Part 5, Line 21, "Capitated Services: BH, Vision, etc."

Line 16: Patient Centered Medical Home Services: Referenced from Part 5, Line 12, "Patient Centered Medical Home Services."

Line 17: Net Reinsurance Cost: Calculated as sum of Part 5, Line 13, "Reinsurance Premiums," and Part 5, Line 14, "Reinsurance Recoveries."

Line 18: IBNR Accrual – Medical: Referenced from Part 5, Line 15, "Incurred But Not Reported (IBNR)."

Line 19: Quality Improvement: Referenced from Part 5, Line 17, "Quality Improvement "



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Line 20: Total Medical Expenses: Referenced from Part 5, Line 17, “Total Medical Expenses.”

Line 21: Prescription Expenses (excluding PBM Admin): Referenced from Part 6, Line 11, “Prescription Expense (excluding PBM Admin).”

Line 22: Total Medical and Prescription Expenses: Calculated as sum of Line 19, “Total Medical Expenses,” and Line 20, “Prescription Expenses (excluding PBM Admin).”

Line 23: Administrative Expenses: Enter the allocated “Administrative Expenses” from the Admin FSR, Part 2, Line 51, by the applicable Program/Service Area.

Line 24: Total Expenses: Calculated as sum of Line 22, “Total Medical and Prescription Expenses,” and Line 23, “Administrative Expenses.”

Line 25: Net Income Before Taxes: Calculated as Line 13, “Net Revenues,” minus Line 23, “Total Expenses.”

Line 26: % Medical Exp to Net Revenues: Calculated as Line 20, “Total Medical Expenses,” divided by Line 13, “Net Revenues.”

Line 27: % Prescription Exp to Net Revenues: Calculated as Line 21, “Prescription Expenses (excluding PBM Admin),” divided by Line 13, “Net Revenues.”

Line 28: % Total Medical and Prescription to Net Rev. (MLR): Calculated as the sum of Line 26 “% Medical Exp to Net Revenues “ and Line 27 “% Prescription Exp to Net Revenues.”

Line 29: % Admin Exp to Net Revenues: Calculated as Line 23, “Administrative Expenses,” divided by Line 13, “Net Revenues.”

Line 30: % Net Income to Net Revenues: Calculated as Line 25, “Net Income Before Taxes,” divided by Line 13, “Net Revenues.”

Line 31: % Adj. Admin to Net Revenues (excludes taxes and Prescription pass-through): Calculated as Line 23, “Administrative Expenses,” divided by the difference of Line 13, “Net Revenues,” less Line 5, “Pharmacy Premiums.”

### Post-income items:

Line 32: Performance Assessment: Enter in the YTD cell the amount of the Pay for Quality (P4Q) performance assessment.



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#### **Part 2: Statistics**

Line 1: Paid Medical Expenses Completion Factor: Calculated as difference between Part 5, Line 17, "Total Medical Expenses," and Part 5, Line 15, "Incurred But Not Reported (IBNR)," divided by Part 5, Line 17, "Total Medical Expenses."

#### **Total Cost \$PMPM:**

Line 2: MCO Admin Cost (including PBM Admin): Calculated as Part 1, Line 22, "Administrative Expenses," divided by Part 1, Line 1, "Member Months."

Line 3: Health Insurance Providers Fee & Related Costs: Calculated as Part 1, Line 10, "Health Insurance Providers Fee & Related Costs," divided by Part 1, Line 1, "Member Months."

Line 4: Premium & Maintenance Taxes: Calculated as sum of Part 1, Line 11, "Premium Taxes," and Part 1, Line 12, "Maintenance Taxes," divided by Part 1, Line 1, "Member Months."

Line 5: Medical Expenses, excl Net Reinsurance and Quality Improvement: Calculated as difference between Part 1, Line 20, "Total Medical Expenses," and the sum of Part 1, Line 17, "Net Reinsurance," and Line 19, "Quality Improvement", divided by Part 1, Line 1, "Member Months."

Line 6: Net Reinsurance: Calculated as sum of Part 5, Line 13, "Reinsurance Premiums," and Part 5, Line 14, "Reinsurance Recoveries," divided by Part 1, Line 1, "Member Months."

Line 7: Quality Improvement: Calculated as Part 1, Line 19, "Quality Improvement" divided by Part 1, Line 1, "Member Months".

Line 8: Prescription Expenses (excluding PBM Admin): Calculated as Part 6, Line 11, "Prescription Expense (excluding PBM Admin)," divided by Part 1, Line 1, "Member Months."

Line 9: Subtotal: Calculated as sum of Lines 2 through 8.

Line 10: Profit/(Loss) before Experience Rebate: Calculated as Part 1, Line 25, "Net Income Before Taxes," divided by Part 1, Line 1, "Member Months."

Line 11: Total Cost \$PMPM to HHSC: Calculated as sum of Line 9 and Line 10.



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### Part 3: Medical and Pharmacy Premiums

#### Medical Premiums (HHSC Capitation):

Lines 1 through 7: Medical Premiums (HHSC Capitation): Each cell in this matrix is calculated and is the product of the corresponding capitation rate in the matrix of Lines 9 through 15, and the corresponding member months in the matrix of Lines 17 through 23.

Line 8: Total Medical Premiums: Calculated as sum of Lines 1 through 7.

#### Medical Premium \$PMPM:

Lines 9 through 15: Medical Premium \$PMPM: Enter each risk group's monthly medical capitation rate.

Line 16: Total Medical Premium \$PMPM: Calculated as Line 8, "Total Medical Premiums," divided by Line 24, "Total Member Months."

#### Member Months:

Lines 17 through 23: Member Months: Enter the member months based on the supplemental files supporting HHSC's monthly capitation payments to the MCO.

Line 24: Total Member Months: Calculated as sum of Lines 17 through 23.

#### Pharmacy Premiums (HHSC Capitation):

Lines 25 through 31: Pharmacy Premiums (HHSC Capitation): Each cell in this matrix is calculated and is the product of the corresponding capitation rate in the matrix of Lines 33 through 39 and the corresponding member months in the matrix of Lines 17 through 23.

Line 32: Total Pharmacy Premiums: Calculated as sum of Lines 25 through 31.

#### Pharmacy Premium \$PMPM:

Lines 33 through 39: Pharmacy Premium \$PMPM: Enter each risk group's pharmacy capitation rate applicable to each month.

Line 40: Total Pharmacy Premium \$PMPM: Calculated as Line 32, "Total Pharmacy Premiums," divided by Line 24, "Total Member Months."





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#### **Part 4a: Medical Expense by Expense Class**

##### Paid Claims:

Lines 1 through 7: Paid Claims: Enter monthly paid claims by risk groups as incurred.

Line 8: Total Paid Claims: Calculated as sum of Lines 1 through 7.

##### Paid Capitation:

Lines 9 through 15: Paid Capitation: Enter the total provider and subcontractor capitation payments by risk groups, by the service months covered by the capitation payments.

Line 16: Total Paid Capitation: Calculated as sum of Lines 9 through 15.

##### Paid Reinsurance Premiums, Net of Reinsurance Recoveries:

Lines 17 through 23: Paid Reinsurance Premiums, Net of Reinsurance Recoveries: Enter the paid reinsurance premiums net of collected reinsurance recoveries specific to each risk group by the months the reinsurance coverage was effective. Report collected Reinsurance Recoveries by the appropriate risk group and by the incurred month of the services to which the recoveries relate.

Line 24: Total Net Reinsurance: Calculated as sum of Lines 17 through 23.

Section Beneath Line 24: No action necessary. These lines populate based on the member months' data entered in Part 3.

#### **Part 4b: Medical Expense by Expense Class**

##### Medical IBNR:

Lines 25 through 31: IBNR: Enter Incurred-But-Not-Reported (IBNR) estimate by risk group.

Line 32: Total Medical IBNR: Calculated as sum of Lines 25 through 31.

##### Patient Centered Medical Home Services:

Lines 33 through 39: Patient Centered Medical Home Services: Enter medical expenses by risk group as incurred at a PCMH approved facility.





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Line 40: Total PCMH: Calculated as the sum of Lines 33 through 39.

#### Quality Improvement Cost

Line 41: Quality Improvement from Part 5, Line 17

#### Other Medical Expenses:

Lines 42 through 48: Other Medical Expenses: Enter any other medical expenses not captured by Paid Claims; Paid Capitation; Reinsurance Premiums, Net of Recoveries; Patient Centered Medical Home Services or IBNR for each risk group. Examples of these expenses include incentives paid directly to physicians; third party recoveries, other recoveries, or settlements that have not been captured through claims adjustments in the claims processing system; and refunds.

Also include certain pharmacy-related expenses that are not included in Part 6, Prescription Expenses that cannot be processed as pharmacy encounters. Pharmacy-related items that should be reported on the FSR under Part 4, "Other Medical," should be limited to covered benefits that are either:

- pharmacy Durable Medical Equipment (DME) (certain Home Health Supplies) that are not on HHSC's formulary, such as diabetic strips, meters, lancets, aerochamber devices, diaphragms; or
- drugs that are billed directly by the physician/clinic (not picked up at the pharmacy by the client).

When certain pharmacy DME gets added to the formulary, it should be processed as a pharmacy encounter, and at that point be reported under "Prescription Expenses" instead of "Other Medical."

Amounts reported in Other Medical for appropriate pharmacy DME should not have any PBM administrative expense included; all PBM Admin is to be reported in the Admin FSR.

Line 49: Total Other Medical Expenses: Calculated as sum of Lines 42 through 48.

Section Beneath Line 49: Calculated as a sum of Part 4a, Line 8 "Total Paid Claims," Part 4a, Line 16 "Total Paid Capitation," Part 4a, Line 24 "Total Net Reinsurance," Part 4b, Line 32, "Total Medical IBNR," Part 4b, Line 40 "Total PCMH," Part 4b, Line 41 "Quality Improvement" and Part 4b, Line 49, "Total Other Medical Expenses."

Line 50: Other Medical Expenses: Identify each category of expense included in Lines 42 through 48, "Other Medical Expenses." Identify the YTD dollar amount associated with each category of expense if more than one.



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Section Beneath Line 50: No action necessary. These lines populate the member months' data entered in Part 3.

#### **Part 5: Medical Expenses by Service Type**

Line 1: Physician Services: Primary Care: Enter all paid expenses related to the medical care provided to a member by a primary care physician (PCP) upon first contact with the healthcare system for treatment of an illness or injury before referral. The PCP performs or directs the performance of primary care services, which include case management, consultations, family planning, emergency room visits, inpatient visits, maternity care services, office visits, preventive care services, dispensing or prescribing medical supplies and pharmaceuticals, authorizing referrals to specialists.

Under the Texas Managed Care Program, all members are required to have a primary care physician (PCP) when enrolling in a MCO. For expenses to be classified as PCP services, the performing provider at 24J on a CMS-1500 claim must be the member's assigned PCP, and the services cannot represent "Deliveries - Professional Component." The amount paid covering all charges on a CMS-1500 claim is classified as PCP expense when the performing provider is the member's PCP.

Line 2: Physician Services: Specialist: Enter all paid expenses related to the medical care provided to a patient by a physician whose practice is limited to a particular branch of medicine or surgery, e.g., cardiology or radiology, in which a physician specializes or is certified by a board of physicians. Generally, a member must have a referral authorized by his/her assigned PCP to receive services from a specialist.

For expenses to be classified as "Specialist Physician Services," the performing provider identified at 24J on a CMS-1500 claim must be a physician, who is not the member's assigned PCP, and the services cannot represent "Deliveries - Professional Component." The amount paid covering all charges on a CMS-1500 claim is classified as Specialist Physician Services when the performing provider is a physician who is not the member-patient's PCP.

Line 3: Physician Services: Deliveries – Prof. Component: Enter paid expenses for the services of the delivering physician and the anesthesiologist, unless they are billed as part of the facility charge. Only the delivering physician and the anesthesiologist charges are included on Line 3, as they are the only charges included in the professional component of the DSP. Only those amounts paid for charges on a CMS-1500 claim identified with "Delivery CPT Codes" (and the HCPCS Codes with Modifiers for the FQHCs and RHCs) are classified as "Delivery – Professional Component." All other amounts paid for charges on the same CMS-1500 claim that are not identified with



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“Delivery Procedure Codes” are classified as PCP or specialist based on the criteria at Lines 1 and 2, respectively.

Line 4: Non-Physician Professional Services: Enter all paid expenses for medical care provided by non-physician healthcare services providers. These include, but are not limited to, audiologists, chiropractors, counselors, dentists, home health aides, licensed vocational nurses, occupational therapists, opticians, optometrists, physical therapists, psychologists, registered nurses, respiratory therapists, social workers, speech therapists.

The total amount paid covering all charges on a CMS-1500 claim is classified as “Non-Physician Professional Services” when the performing provider at 24J is a non-physician healthcare services provider.

Line 5: Emergency Room Services: Enter all paid expenses incurred during an encounter in an emergency room, i.e., the section of a healthcare facility intended to provide rapid treatment for victims of sudden illness or trauma. Include the cost of emergency room equipment, facility usage, staff, and supplies.

The costs of emergency department ancillary services including laboratory services, radiology services, respiratory therapy services, and diagnostic studies, such as EKGs, CT scans, and supplies are also included on Line 5. Exclude non-staff attending or consulting physician billed separately as PCP or specialist services. The total amount paid by the MCO covering all charges on a UB04 claim that are incurred during an emergency room encounter are classified as “Emergency Room Services.” Any amounts paid for any charges on a UB04 claim that include emergency room services that were incurred on a different service date than the emergency room encounter are classified as Outpatient Facility Services, unless they represent additional emergency room encounter.

Line 6: Outpatient Facility Services: Enter all paid expenses for services rendered to a member-patient that remains in a hospital based or freestanding facility, such as an ambulatory surgical center, for less than 24 consecutive hours and the member-patient is discharged from an outpatient status, except for emergency room services.

Outpatient facility services include, but are not limited to, the following items and services performed on an outpatient basis in a hospital based or freestanding facility:

- Observation, operating, and recovery room charges;
- Surgical operations or procedures, day surgery;
- Laboratory, nuclear medicine, pathology, and radiological services;
- Diagnostic, therapeutic, and rehabilitative clinic or treatment services;
- Injections, drugs, and medical supplies; and
- All medically necessary services and supplies ordered by a physician.



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Exclude non-staff attending or consulting physician billed separately as PCP or specialist services. The amount paid covering all charges on a UB04 claim is classified as “Outpatient Facility Services” if the Type of Bill indicates the claim is for outpatient facility services, and there are no emergency room charges included.

Line 7: Inpatient Facility Svcs: Medical/Surgical: Enter all paid expenses for acute care facilities covering inpatient services for medical/surgical stays, intensive care units (ICUs), cardiac/coronary care units (CCUs), burn units, cancer treatment centers, etc. Also includes the expenses of non-acute care inpatient services rendered at extended care/skilled nursing facilities.

Inpatient medical/surgical services include, but are not limited to, the following items and services performed on an inpatient basis:

- Bed and board in semiprivate accommodations or in an intensive care or coronary care unit including meals, special diets, and general nursing services; and an allowance for bed and board in private accommodations including meals, special diets, and general nursing services up to the hospital’s charge for its most prevalent semiprivate accommodations;
- Whole blood and packed red cells reasonable and necessary for treatment of illness or injury;
- Newborn care including routine care and specialized nursery care for newborns with specific problems;
- Other inpatient services including organ/tissue transplant services and rehabilitation services; and
- All medically necessary services and supplies ordered by a physician.

The total amount paid covering all charges on a UB04 claim is classified as “Inpatient Facility Services” if the Type of Bill indicates the claim is for inpatient facility services, and there are no delivery charges included.

Line 8: Inpatient Facility Svcs: Deliveries – Facility Component: Enter paid expenses of all delivery services and supplies provided by the facility where the birth takes place, except for the “Professional Component.” Only those amount(s) paid for charges on a UB04 claim identified with Delivery ICD-10 Codes are classified as “Delivery – Facility Component.” Any amount(s) paid for any charges on the same UB04 inpatient claim that are not identified with Delivery ICD-10 Codes are classified as “Inpatient Facility Services – Medical/Surgical.”

Line 9: Behavioral Health Services: Enter all paid expenses incurred for inpatient and outpatient mental health services and inpatient and outpatient chemical dependency services including both treatment and detoxification of alcohol and substance abuse.



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Only those amount(s) paid for charges on a CMS-1500 or UB04 claim identified with Behavioral Health Services ICD-10 or Revenue Codes are classified as “Behavioral Health Services.” Any amount(s) paid for any charges on the same CMS-1500 or UB04 claim that are not identified with Behavioral Health Services ICD-10 or Revenue Codes should be classified in the appropriate medical expense classification.

Line 10: Vision Services: Enter all paid expenses incurred for vision services. This includes, but is not limited, to optometry and glasses.

Line 11: Miscellaneous Other: Enter all paid expenses of all medical services and supplies rendered that are not classified in any of the medical expense classifications in Lines 1 through 10 or Line 12. “Miscellaneous Other” includes, but is not limited to, professional services charges associated with labor and delivery of a CHIP Perinate at or below the Medicaid eligibility threshold (i.e., a Perinate who qualifies for Medicaid once born), ambulance services and durable medical equipment (DME), oxygen, and other medical supplies obtained directly from these suppliers, i.e., not obtained incidental to physician, non-physician professional, or facility encounters. The total amount paid covering all charges on a CMS-1500 claim is classified as “Miscellaneous Other.”

Line 12: Patient Centered Medical Home Services: Enter paid expenses of all medical services incurred at a PCMH-approved facility. Code these expenses would be coded in the Encounter as financial arrangement code 16.

Line 13: Reinsurance Premiums: Enter paid expenses to obtain reinsurance coverage from reinsurance companies that assume all or part of the financial risks associated with catastrophic medical expenses that could, otherwise, be ruinous to the MCO. Offset any reinsurance premiums collected for any reinsurance risks assumed.

Line 14: Reinsurance Recoveries: Enter all return of funds or recovery of paid losses that have been collected from reinsurers associated with a particular case where catastrophic medical expenses have been incurred. Offset any reinsurance recoveries paid for reinsurance risks assumed. Record “Reinsurance Recoveries” in the month(s) in which the healthcare services were rendered to which the recoveries relate.

Line 15: Incurred But Not Reported (IBNR): Enter the total medical expenses accrual, which includes:

- Reported claims in process for adjudication;
- An estimated expense of the incurred but not reported healthcare services;
- Amounts withheld from paid claims and capitations;
- Any capitation payable to providers; and



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- Any reinsurance payable to reinsurers for ceded risk, net of any reinsurance receivable for assumed risk.

The IBNR medical expenses accrual is an estimate of the expected healthcare expenses incurred but not paid based on claims lag schedules and completion factors, as well as, any counts of services rendered but not billed, e.g., pre-authorized hospital days. Any major change in the claims processing function that was not in effect during the period of time covered by the lag schedules could materially impact the estimated IBNR accrual; hence, actuarial judgment and adjustment may sometimes be needed.

**Note: No IBNR should be reported on the second final FSR reflecting expenses paid through the 334<sup>th</sup> day after the end of the contract period.**

Line 16: Incentives or Network Risk Retention: Enter any incentives paid directly to physicians, i.e., bonuses paid based on quality compliance measures.

Line 17: Quality Improvement: Enter the allocated "Quality Improvement Expenses" from the Quality Improvement FSR, Part 1b.

Line 18: Total Medical Expenses: Calculated as sum of Lines 1 through 17.

Section Beneath Line 18: Includes balancing lines which compare "Total Medical Expenses" on Part 5, Line 18 to the Sum of Part 4a + Part 4b. If it does not balance, the "Check" line will show "Not balanced" and a rounding adjustment may be entered in the shaded area labeled "Balance."

Included in Total Medical Above:

Line 19: Total Related Party Expenses: Enter the total medical expenses paid to any companies affiliated with the MCO through common ownership for providing healthcare services in support of the Texas CHIP operations of the MCO.

Line 20 % of Medical Expenses that are Related Party: Calculated as Line 19, "Total Related Party Expenses," divided by Line 18, "Total Medical Expenses".

Line 21: Capitated Services: PCPs & hospitals: Enter the total capitation paid to providers that do not pay claims to other providers from the capitation payments received.

Line 22: Capitated Services: BH, Vision, etc.: Enter the total capitation paid to subcontractors in which the capitation is the funding source for paying claims for healthcare services performed in each Texas service area.





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#### Not Included in Total Medical Above:

Line 23: Total Medical Value Added Services: Enter the expenses paid by the MCO for healthcare services to CHIP enrollees that are not covered under the HHSC Capitation nor reimbursed by HHSC. These expenses are the financial responsibility of the MCO. They are not included in "Total Medical Expenses" in the MCO FSR. The specific Value Added Services are included in the Contract for Services between HHSC and MCO.

#### Other:

Line 24: Behavioral Health Services \$PMPM: Calculated as Line 9, "Behavioral Health Services," divided by Part 1, Line 1, "Member Months."

Line 25: Vision Services \$PMPM: Calculated as Line 10, "Vision Services," divided by Part 1, Line 1, "Member Months."

Line 26: Emergency Room as a % of Medical Expenses: Calculated as Line 5, "Emergency Room Services," divided by Line 17, "Total Medical Expenses," excluding the sum of Lines 13 through 16, which are "Reinsurance Premiums," "Reinsurance Recoveries," "IBNR," and "Incentives/Network Risk Retention."

### **Part 6: Prescription Expense by Risk Group**

#### Prescription Expense (excluding PBM Admin):

Lines 1 through 7: Prescription Expense (excluding PBM Admin): Enter the prescription expense by risk group based on Pharmacy Encounters. Exclude PBM admin fees.

Line 8: Prescription Paid Claims Expense: Calculated as the sum of Lines 1 through 7.

Line 9: IBNR related to Prescriptions: Enter the estimated dollar amount of pharmacy prescriptions incurred for which claims have not been received.

Line 10: TPL pay & chase collected (related to Pharmacy only): Enter the dollars collected from third parties in the month in which cash is received. Do not enter recoveries in the month in which services were provided unless the collection occurred in that same month.

Line 11: Prescription Expense (excluding PBM Admin): Calculated as the sum of Lines 8 and 9, less Line 10.

#### Prescription Expense \$PMPM:





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Lines 12 through 18: Prescription Expense \$PMPM: Calculated as Prescription Expense for each risk group as reported on Lines 1, through 7, divided by the corresponding "Member Months" for each risk group as reported on Part 3, Lines 17 through 23.

Line 19: Prescription Paid Claims Expense \$PMPM: Calculated as Line 8, "Prescription Paid Claims Expense," divided by Part 3, Line 24, "Total Member Months."

Line 20 Prescription Expense including IBNR \$PMPM: Calculated as the sum of Line 8, "Prescription Paid Claims Expense," and Line 9, "IBNR related to Prescriptions," divided by Part 3, Line 24, "Total Member Months."

#### # of Prescriptions:

Lines 21 through 27: # of Prescriptions: Enter the number of prescriptions filled by each risk group by month.

Line 28: # of Prescriptions in IBNR (Line 9 above): Enter the estimated number of prescriptions incurred for which claims have not been received.

Line 29: Total # of Prescriptions: Calculated as the sum of Lines 21 through 28.

#### Cost per Prescription (excluding PBM Admin):

Line 30 through 36: Cost per Prescription (excluding PBM Admin): Calculated as "Prescription Expense" for each risk group as reported in Lines 1 through 7, divided by the corresponding "# of Prescriptions" for each risk group as reported on Lines 21 through 27.

Line 37: Average Cost of Paid Claims per Prescription: Calculated by dividing Line 8, "Prescription Paid Claims Expense," by the total "# of Prescriptions" in Lines 21 through 27.

Line 38: IBNR related to Prescriptions: Calculated by dividing Line 9, "IBNR related to Prescriptions," by Line 28, "# of Prescriptions in IBNR."

Line 39: Average Cost per Prescription (excluding PBM Admin): Calculated as Line 11, "Prescription Expense (excluding PBM Admin)," divided by Line 29, "Total # of Prescriptions."

Line 40: % Prescription Cost to Rx Premium: Calculated as Line 11, "Prescription Expense (excluding PBM Admin)," divided by Part 1, Line 5, "Pharmacy Premiums."



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#### # of Prescriptions per Member-Month:

Lines 41 through 47: # of Prescriptions per Member-Month: Calculated as “# of Prescriptions” for each risk group as reported on Lines 21 through 27, divided by the corresponding “Member Months” for each risk group as reported on Part 3, Lines 17 through 23.

Line 48: Average # of Paid Prescriptions per Member-Month: Calculated as the sum of Lines 21 through 27, divided by Part 3, Line 24, “Total Member Months.”

Line 49: Average # of Prescriptions per Member-Month including IBNR: Calculated as Line 29, “Total # of Prescriptions,” divided by Part 3, Line 24, “Total Member Months.”

#### Generic Split for Paid Prescriptions:

Line 50: % Generic, by # of Prescriptions: Enter the % of prescriptions filled with generic brands.

Line 51: % Generic, by Aggregate \$ Gross Cost: Enter the % of gross cost associated with generic prescriptions.

#### Other:

Line 52: Included in Line 8 above: Non-PBM expenditures: Input the portion, if any, of Line 8 above that was not processed by the MCO’s PBM (i.e., not billed to the MCO by the PBM).

Line 53: Included in Line 29 above: Non-PBM # of Rx (Prescriptions): Input the portion, if any, of Line 29 above that would correspond to the dollars in Line 52.

Line 54: Excluded from Line 8: PBM \$ in Part 4 Other Med Exp: Input the portion, if any, of total PBM billings not processed as Encounters but reported in Part 4, “Other Medical Expenses.” Include non-formulary Rx (Prescriptions) DME; do not include any admin expense.

Line 55: Excluded from Line 29: PBM # of Rx (Prescriptions) related to Line 54: Input the quantity that corresponds to the dollars in Line 54.

Line 56: Total PBM \$ billed to MCO (excluding PBM Admin): Calculated as Line 52, subtracted from Line 8, “Prescription Paid Claims Expense,” plus Line 54.

Line 57: Total PBM Qty of Rx (Prescriptions): Calculated as Line 53, subtracted from Line 29, “Total # of Prescriptions,” plus Line 55.



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Line 58: Enter the last NCPDP (National Council for Prescription Drug Programs) adjudication date of actual pharmacy payments (Pharmacy Benefit Manager/PBM invoiced date range) included in "Prescription Paid Claims Expense" Line 8 above. This date will be used in the Pharmacy Reconciliation Report.

Line 59: Pharmacy administered vaccines: Enter the dollar amount included within the Line 11 total for "Prescription Expense (excluding PBM Admin)," which is associated with vaccines administered at a pharmacy.

#### **Part 7: DSPs and Delivery Expenses**

Line 1: Contracted DSP Amount: Enter the DSP rate applicable to each month.

#### **Delivery Supplemental Payments – DSPs (\$):**

Line 2: DSPs Received by MCO: Calculated as the sum of Lines 5 through 7, "Number of Deliveries", by risk group, multiplied by Line 1, "Contracted DSP Amount."

Line 3: Incurred But DSP Not Received: Calculated as the product of Line 1, "Contracted DSP Amount," and Line 8, "Incurred But DSP Not Received."

Line 4: Total DSPs (\$) Aggregate: Calculated as the sum of Line 2 and Line 3.

Lines 5 through 7: Number of Deliveries: Enter the sum of the delivery counts from (1) the accepted DSP records in the monthly DSP submission files, (2) the accepted DSP records that were previously rejected by file edit 102, and (3) the accepted appealed DSP records; reported by risk groups and incurred months.

Line 8: Incurred But DSP Not Received: Enter the difference between the total number of facility delivery discharges and the sum of Lines 5 through 7.

Line 9: Total Number of Deliveries Incurred: Calculated as the sum of Lines 5 through 8.

#### **MCO Delivery Expenses (\$):**

Line 10: Paid Claims: Referenced from Part 5, Line 3, "Physician Services: Deliveries - Prof Component," and Part 5, Line 8, "Inpatient Facility Svcs: Deliveries - Facility Component."

Line 11: Incurred But Not Paid: Enter the unpaid expenses for incurred delivery services based on the number of incurred deliveries reported on Line 10.



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Line 12: Total Delivery Expenses: Calculated as sum of Line 10 and Line 11.

Average Cost Per Delivery (\$):

Line 13: Paid Claims: Calculated as Line 10, "Paid Claims," divided by Line 9, "Total Number of Deliveries Incurred," excluding Line 8, "Incurred But DSP Not Received."

Line 14: Incurred But Not Paid: Calculated as Line 11, "Incurred But Not Paid," divided by Line 8, "Incurred But DSP Not Received."

Line 15: Average Cost per Delivery: Calculated as Line 12, "Total Delivery Expenses," divided by Line 9, "Total Number of Deliveries Incurred."

### **Data Certification Form**

#### **General Instructions:**

1. The Data Certification Form must be submitted with the FSR Reports, and it must be signed by the CEO, CFO, or equivalent.
2. Certification of certain financial data is a Federal requirement.
3. It is acceptable to include the Data Certification Form pasted into the Certification tab as a PDF.

#### **Instructions for Completing Specific Data Fields:**

The name of the MCO, document name, date of submission, state fiscal year (SFY), Program and service area will populate from header information entered in Part 1.

Data Field 4 – Enter the quarter designation, e.g., "Q3."

Data Field 7 – Type or print the name and title of the person signing the Certification.

Data Field 9 – Sign the Certification.

Data Field 10 – Enter the date the form is signed without using a formula.